Can We Achieve Equity Using Smart Growth?

GROUP 2 - Breakout Discussion Guide

Promoting Affordability in Private Developments

EXISTING TOOLS IN SEATTLE	**TOOLS NOT CURRENTLY AVAILABLE IN SEATTLE**	**TOOLS NOT CURRENTLY IN SEATTLE; CONSTITUTIONAL QUESTIONS AND/OR MORE LEGAL ANALYSIS NEEDED**
Community Benefit Agreements (CBAs) **Development Agreements Incentive Zoning** **Multifamily Tax Exemption (MFTE) Program** **Public Land Donation or Write-Down for Affordable Housing**	**TOD Affordable Housing Incentive Programs**	**Inclusionary Zoning** **"Special Review District Overlays"** **Tax Increment Financing (TIF) for Affordable Housing**

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GROUP 2 - Breakout Discussion Guide Definitions

Promoting Affordability in Private Developments

EXISTING TOOLS IN SEATTLE

Community Benefit Agreements (CBAs) are private contracts negotiated between developers and groups of stakeholders that stipulate the amenities or mitigations – such as living wage jobs, affordable housing, local hiring, parks, etc. – that the the developer must provide. One advantage to CBAs is that they are not limited by local or state laws, so can include benefits that address a broad range of community issues. CBAs are generally negotiated for projects that benefit from the use of public resources, such as subsidies, sale of public land or land density bonuses. Seattle has a history of CBA-like agreements between developers and community groups, and in 2009, the Dearborn Street Coalition for Livable Neighborhoods won a groundbreaking CBA for the region at the Dearborn Street Project. (The development project has since been aborted due to the recession.)

Development Agreements between cities and developers can include affordability goals. Seattle has the capacity to do development agreements but they are often limited in scope compared to other places. For example, the Portland Development Commission (PDC) negotiated a development agreement with Hoyt Street Properties to build nearly 7,500 units in the Pearl District TOD area to meet these affordability goals: 33% upper income, 20% middle income, 20% moderate income, 13% low income, and 14% extremely low income.

Incentive Zoning provides developers with rewards such as density bonuses, greater height or floor-area allowances, or parking space reductions, in exchange for meeting certain housing objectives. Seattle has had some kind of incentive zoning program since the 1960s. In 2006, the state passed legislation strengthening local legal authority to offer or expand incentive programs that provide increased development capacity or flexibility in exchange for housing affordable to renters at or below 50% of area median income and homeowners at or below 80% of the median. Seattle has not yet used this new authority. Other Washington State cities have.

The Multifamily Tax Exemption (MFTE) Program allows developers to receive a property tax exemption on the residential portion of a development for 12 years. In exchange, a certain number of the housing units must be affordable for people making between $48-$58K a year (single person household). These units are affordable to renters earning 125% to 150% of the income of the average median income is for a renter in Seattle ($39K/year)

Public Land Donation or Write-Down for Affordable Housing by local governments can incentivize market-rate developers to build affordable units (it can also reduce the costs of development for affordable housing developers). King County's Department of Transportation TOD Policy requires that all surplus land be evaluated for affordable housing.

TOOLS NOT CURRENTLY AVAILABLE IN SEATTLE

TOD Affordable Housing Incentive Programs have been implemented by states, regional planning and transportation agencies, and localities to incentivize new affordable housing development near transit through financial or zoning incentives. In the San Francisco Bay Area, the Metropolitan Transportation Commission (MTC) and San Mateo's Council of Governments both offer financial incentives to developers who build housing near transit, with extra funds for affordable units. The Los Angeles Citywide Affordable Housing Incentive Program allows affordable housing developments within 1,500 feet of a transit stop to build only one parking space per unit and receive a 35 percent density increase.

TOOLS NOT CURRENTLY AVAILABLE IN SEATTLE; RAISES CONSTITUTIONAL QUESTIONS AND/OR MORE LEGAL ANALYSIS NEEDED

Inclusionary Zoning ordinances require developers of new housing to make a percentage of their project's units affordable to lower-income households, in exchange for density bonuses or other incentives. The City of Redmond, WA, has had an inclusionary zoning policy for several years.

"Special Review District Overlays" could potentially be created in neighborhoods with high affordability gaps or where redevelopment is occurring to ensure expansion and preservation of low income housing. Area or neighborhood wide advisory boards would monitor loss/gains of low income units in that area, set annual targets, and recommend and implement neighborhood specific preservation/finance tools to meet targets. This concept is based on the existing practice of using "historic preservation districts" to ensure that new development preserves the character of the neighborhood. "Cultural overlay districts" have also been proposed in Seattle.

Tax Increment Financing (TIF) for Affordable Housing is increasingly being used in communities with high-cost housing markets where affordability is a concern. TIF is traditionally a local economic development tool to fund capital improvements: it allows localities that are making public improvements (such as roads, parks, and sewers) in specific areas designated for redevelopment to borrow funds for the improvements and pay back that debt with the additional tax revenue that the improvements will generate via increased property and/or sales tax revenues (the "increment"). It is based on the idea that public investments will increase the value of a place and that will show up in higher property values and/or more sales receipts. In 2007, Portland passed a new policy that sets aside 30 percent of TIF funds for affordable housing in most of the city's TIF districts for households with incomes below 80 percent of the median, with at least 48 percent of the set-aside resources going to households with incomes under 30 percent of the median.